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SUBJECT: DISY NARROWS THE GAP BUT PARLIAMENTARY ELECTIONS
FAIL TO GENERATE MUCH EXCITEMENT

Classified By: Ambassador Ronald L. Schlicher; Reason 1.4 (b) and (d)

¶1. (C) Summary: With less than a week to go before parliamentary elections in Cyprus, the parties have failed to generate much in the way of enthusiasm among their supporters. In the most recent polls, nearly ten percent of the Greek Cypriot public claim they will cast a blank ballot on May 21. Another 8.5% are still undecided. Among those expressing a firm opinion, AKEL maintains a slight lead over the opposition DISY, although the gap is narrowing. Some pundits believe that the majority of undecideds are DISY supporters who are reluctant to reveal their choice for fear of retribution. If the breakdown of undecideds follows the pattern from the surprising European Parliamentary elections in June, DISY could pull a rabbit out of a hat and emerge as the largest single party on Cyprus. This would not mean much for the Cyprus problem in the short-run, but could position DISY for a strong showing in Presidential elections in 2008. Our own best guess is that AKEL will hold onto its leading slot, but only by the slimmest of margins. The numbers for Papadopoulos' own DIKO are somewhat weaker than many had supposed, even with the government's aggressive attempts to spin a recent oil exploration deal with Egypt as heralding the dawn of a new petro-economy for Cyprus. Papadopoulos has begun taking a more active role in the campaign and may well have another card or two to play before voting day. End Summary.

A Referendum on a Referendum

¶2. (C) No one on Cyprus seems terribly excited about the May 21 Parliamentary elections, not even the candidates. Enthusiasm among the general public is low and turnout at campaign events has been -- for the parties at least -- disappointing. These elections in this strongly presidential system do not seem to be about anything in particular and there is no sense of something important at stake. In large part, this is a function of the lack of settlement activity, which is the animating issue that gives energy to political campaigns in Cyprus. President Papadopoulos and DIKO are trying, however, to frame the May 21 elections as essentially a referendum on the outcome of the referendum on the Annan Plan. A vote for DIKO, in the preferred rhetoric of the party, is a vote in support of the President's courageous defense of Cypriot Hellenism in April 2004. Papadopoulos himself made the point at a DIKO event that "many people abroad and here are awaiting the outcome of the elections with great anxiety. They want to see whether the President's Cyprus policy has the backing of the majority of the people or if the 'yes' forces are on the rise as they hope. With

your efforts, with your hard work, we shall disappoint them."

¶13. (C) DISY, meanwhile, is running away from its support for the Annan Plan in 2004 and doing everything it can to keep the focus on social and economic issues. Stella Kyriakidou, a child psychologist running on DISY's Nicosia ticket, told us that she has focused her own campaign exclusively on social concerns. "This is our comparative advantage," she observed. "We can't compete with the President over the Cyprus issue." Averof Neophytou, DISY Deputy leader and overall party campaign manager, complained that the outcome of the Paris meeting between Papadopoulos and UN SYG Annan in February had hurt DISY by making it appear as though the President's Cyprus policy was producing results. If it hadn't been for Paris, he maintained, DISY would be at least a point-and-a-half ahead of AKEL.

¶14. (C) The Paris meeting isn't the only thing the government has been spinning to considerable effect in the weeks before the election. Cyprus and Egypt have just signed an agreement to cooperate in exploring for oil and gas deposits in the Mediterranean. To judge by the President's cryptic but encouraging public comments, Cyprus is sitting on enormous exploitative reserves of both gas and oil. Lack of evidence to support this notwithstanding, most Greek Cypriots seem inclined to accept that Cyprus is on the verge of morphing into Dubai. The recent announcement that the government has signed an agreement with the American-Norwegian company Petroleum Geo-Services for a seismographic search of the seabed has reinforced this view. With characteristic lack of subtlety, Papadopoulos explained that the government would use "political as well as economic criteria" in assigning drilling concessions. Papadopoulos' aggressive, nationalist rhetoric disproportionately benefits the hard-liners on the DIKO ticket. Achilles Kyprianou -- a DIKO candidate in Limassol and the son of the former President Spyros Kyprianou -- complained to us that Papadopoulos' public appearances were costing him votes and boosting the campaigns of his more conservative competitors.

¶15. (C) On top of that, DISY is still struggling to compensate for the split precipitated by the party leadership's decision to back the Annan Plan. Four DISY deputies broke off to form a new party to contest the June 2004 European Parliamentary elections. Their party, "For Europe," succeeded in capturing one of the six seats and establishing its credibility as a viable political force. Three of the four renegades form the core of "The European Party (EVROKO)," which is polling well and siphoning support away from DISY. EVROKO has now joined forces with Dinos Michaelides ADIK to contest the May 21 elections. Many see the hand of Tassos Papadopoulos behind both the creation of EVROKO and the party's marriage of convenience with ADIK. DISY leader Anastasiades has said publicly that "some of the political parties participating in these elections have been formed at the suggestion and recommendation of others in order to harm DISY." If that is, in fact, the intention, it is working well.

But It's Still Close

¶16. (C) Even with all of the advantages at the disposal of the ruling coalition, DISY has managed to make it a close race. The most recent polls leave AKEL in first place with 26.8% of the vote, DISY nipping at the communists' heels with 25.3%, DIKO at 16.9%, EDEK at 5.3%, the European Party at 4.1%, the Greens at 1.7% and the United Democrats at 1.3%. There are, however, still a large number of undecideds (8.5%) and an astonishing 9.4% told pollsters that they intended to cast blank ballots. (Note: Under the Cypriot system, in which voting is mandatory, blank ballots are simply discarded). Depending on the assumptions one uses in distributing the undecideds, the final outcome could look quite different. Standard practice in Cypriot polling is to distribute undecideds in proportion to those who identified a specific preference. Under this formula, AKEL would end up with a final tally of 32.6% of the vote and DISY with 30.8%.

At least some observers believe the undecided voters include significantly more DISY supporters who are reluctant to reveal their political leanings to anonymous pollsters for fear of retribution. This is particularly true for government workers or for those who do business with the government. This fear is not entirely irrational. There are precedents for political parties (AKEL in particular) conducting mock polls of members as a kind of loyalty test. The opposition newspaper Politis ran the numbers using the distribution of undecideds from the June 2004 European Parliamentary elections and got a very different outcome. Politis is predicting that DISY will ultimately garner 33% of the vote to AKEL's 28.9%. This would be a shocking outcome for the Cypriot political establishment and a real defeat for both AKEL General Secretary Demetris Christofias and President Papadopoulos.

What Do We Think?

¶ 7. (C) Predicting elections is a mug's game. No one on the political scene here anticipated that AKEL would perform so poorly in the June 2004 Euro-elections. There are reasons to believe, however, that those elections were a one-off. Voting in the Euro-elections was not mandatory, and many Cypriot voters elected to spend what was a wonderfully sunny day at the beach instead of the polling booth. Moreover, optimism among the Annan Plan's supporters was still running high a mere two months after the referenda and those who voted "yes" were convinced they had made the right choice. Now, many seem to be having second thoughts. Support for the Annan Plan has dropped and leading politicians are still calling on those who publicly advocated for "yes" to apologize. Supporters of the plan do not advertise the fact. It is a decidedly unfashionable -- even vaguely shameful -- position.

¶ 8. (C) Our own best guess -- and here we would ask to stipulate all of the usual caveats -- is that AKEL will retain its position as the largest political party in Cyprus, but by only the narrowest of margins. DIKO will do well, but not as well as the party faithful had hoped. Papadopoulos' party will pick up a seat or two but seems unlikely to crack the psychologically important 20% barrier. EDEK will be happy to hold onto roughly 6% of the electorate, and this seems the most likely outcome for a party that has struggled to define itself. The results for the smaller parties are harder to predict. The electorate here is quite small and a shift of a few hundred votes can make all of the difference. We believe that EVROKO and the Greens at least will have parliamentary representation. The United Democrats and Michael Papapetrou are right on the bubble. We hope the strongly pro-solution Papapetrou wins a seat and estimate his odds at better than even.

So What?

¶ 9. (C) Elections are always (more or less) entertaining, but this one is probably not particularly significant. The Cypriot political system is heavily-weighted in favor of the President. This is especially true with respect to the management of the Cyprus issue. AKEL and DISY are after more than bragging rights, however. A DISY win would help the party set the stage for a strong showing in the 2008 Presidential elections. In their more candid moments, our DISY contacts acknowledge that this is their fundamental objective. The AKEL leadership would be seriously embarrassed by a second-place showing, but it would take a truly dismal outing by the communists to put real pressure on the AKEL-Papadopoulos alliance. That outcome is highly unlikely.

¶ 10. (C) Papadopoulos has to be somewhat disappointed with DIKO's numbers right now. A showing in the mid-teens would demonstrate weakness. Papadopoulos has recently begun taking a more active role in campaigning to forestall a poor showing by his party. There are still a few more days to go before

the election, and it is hard to believe that the President
doesn't have another card or two up his sleeve.

SCHLICHER